

RIVERSIDE COUNTY ECONOMIC FORECAST

Riverside County is the fourth largest county in the state in terms of total land area. The county, along with its neighbor to the north, San Bernardino County, comprise the Inland Empire. The Inland Empire was one of the fastest growing metro areas of the state and nation from 1997 to 2006, but growth stalled in 2007. Riverside County has a population of 2.1 million people, and there are 621,000 wage and salary jobs located in the county. The per capita income in Riverside County is \$28,747, and the average salary per worker is \$44,339.

Economic growth in Southern California declined sharply in 2007 and job creation was at the lowest level since 2002. In 2007, 3,000 total jobs were lost in Riverside County, representing a growth rate of -0.5 percent. The unemployment rate increased to 6.2 percent.

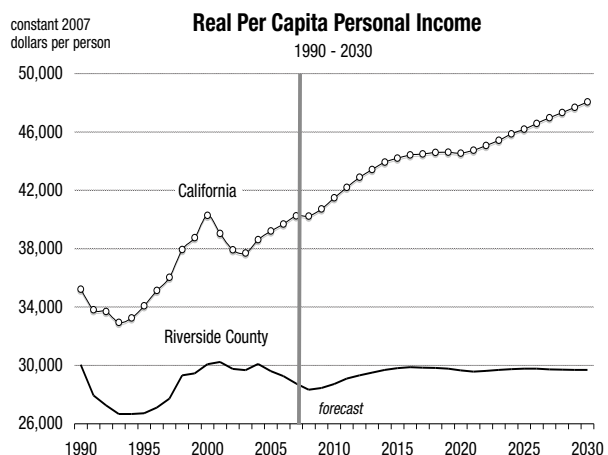
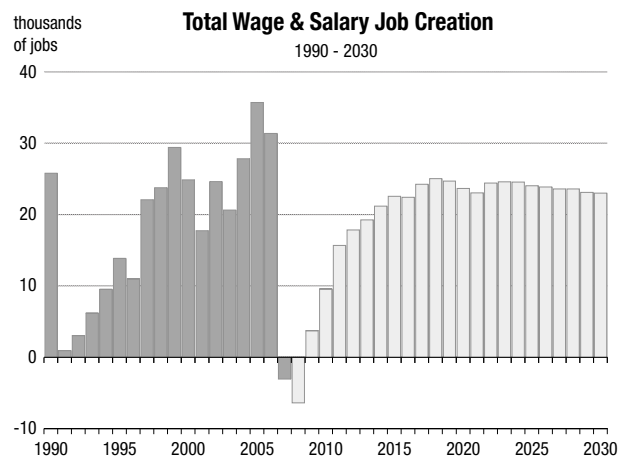
Employment in the construction and financial services sectors fell by 10,300 workers, a decline of 9.6 percent. The contraction was due primarily to a decline in home sales (down 58 percent from peak in 2003) and new home production (down 64 percent from peak in 2004). Employment declined in the manufacturing sector after gains from 2002 to 2006. Job creation was still positive in population serving sectors and the transportation and warehousing sectors.

Population growth slowed in 2007, but still exceeded 3 percent in Riverside County. Falling levels of home production and preliminary data from 2008 suggest that population growth will slow further.

Riverside County and the entire Inland Empire economy are expected to be relatively weak over the next several years, though population growth will remain positive. Over the longer-term forecast, the Inland Empire is still positioned to dominate growth in California.

FORECAST HIGHLIGHTS

- Job growth slows further in 2008 to -1.0 percent as the real estate recession persists. Over the next five years, the annual growth rate is expected to average 1.3 percent per year.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the foreseeable future. Real average salaries are forecast to rise an average of 0.3 percent per year over the next 5 years.
- Real per capita incomes are expected to decline more than one percent in 2008, but increase 0.4 percent per year overall through 2012.
- Total taxable sales are expected to increase by an average of 2.2 percent over the next five years.

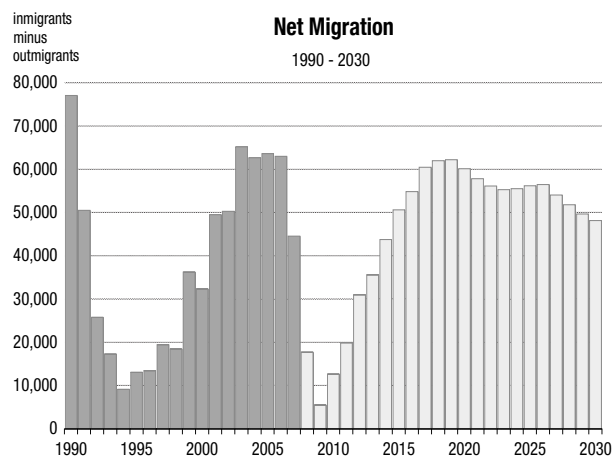
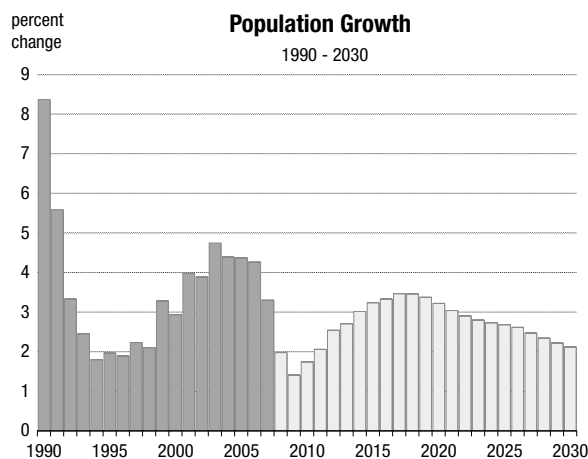


- Over the next five years, the momentum for employment growth is in population serving sectors and logistics. Transportation, wholesale and retail trade, professional services and leisure and hospitality are forecast to increase by 12 to 19 percent from 2008 to 2012.
- Population growth declines to less than 2 percent per year from 2008 to 2010, but the county will still remain one of the faster growing areas of the state. Annual growth in the 2008 to 2012 period is expected to average 1.9 percent per year.
- Over the next five years net migration will be sharply lower than levels observed since 2001. An average of 17,400 net migrants enter the county per year from 2008 to 2012.
- Industrial production is forecast to decline by 1.3 percent in 2008 due to weakness in durable manufacturing. From 2008 to 2012, the growth rate of industrial production is expected to average 2.7 percent per year.

Riverisde County Economic Forecast

1997-2007 History, 2008-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	1,436,300	19,476	0.96	458.0	9,784	\$12.0	\$29.3	\$27,711	1.7	1,477.9	4.8	7.6
1998	1,466,500	18,467	1.04	464.2	12,493	\$13.1	\$32.1	\$29,308	1.4	1,606.6	5.5	6.7
1999	1,514,602	36,252	1.10	473.1	14,579	\$15.1	\$34.1	\$29,453	2.3	1,566.9	6.5	5.5
2000	1,559,046	32,331	1.18	506.2	15,410	\$17.0	\$37.0	\$30,079	3.3	1,328.4	7.4	5.4
2001	1,621,154	49,499	1.26	515.7	19,014	\$18.2	\$40.0	\$30,223	3.4	1,378.8	6.3	5.5
2002	1,684,214	50,289	1.34	531.5	22,664	\$19.5	\$42.0	\$29,748	2.8	1,268.3	6.3	6.5
2003	1,764,136	65,181	1.39	549.5	30,361	\$21.7	\$45.0	\$29,668	2.6	1,240.8	6.9	6.5
2004	1,841,707	62,654	1.56	572.0	34,226	\$25.2	\$49.3	\$30,086	3.3	1,273.0	7.3	6.0
2005	1,922,209	63,655	1.62	598.0	34,134	\$28.3	\$52.9	\$29,607	4.5	1,258.6	8.2	5.4
2006	2,004,174	63,025	1.70	626.7	25,211	\$29.8	\$56.8	\$29,258	4.3	1,138.6	9.2	5.1
2007	2,070,315	44,536	1.75	653.1	12,447	\$30.2	\$59.5	\$28,747	3.3	1,136.5	9.5	6.2
2008	2,111,328	17,697	1.78	661.6	7,478	\$29.1	\$61.2	\$28,325	2.3	1,126.7	9.4	7.1
2009	2,141,170	5,525	1.81	667.9	9,687	\$29.3	\$63.6	\$28,444	2.1	1,112.2	9.5	6.7
2010	2,178,590	12,652	1.86	676.1	13,830	\$30.1	\$66.9	\$28,720	2.3	1,096.9	9.9	5.9
2011	2,223,521	19,902	1.91	687.8	16,644	\$31.7	\$71.0	\$29,100	2.7	1,086.2	10.3	5.7
2012	2,280,071	30,973	1.96	701.9	19,812	\$33.6	\$75.3	\$29,307	2.6	1,075.1	10.9	5.9
2013	2,341,880	35,587	2.01	718.6	22,184	\$35.7	\$79.9	\$29,505	2.7	1,062.6	11.5	5.9
2014	2,412,494	43,756	2.08	737.4	25,573	\$38.3	\$85.1	\$29,687	2.7	1,051.5	12.2	5.9
2015	2,490,598	50,612	2.16	759.0	26,967	\$41.3	\$90.8	\$29,809	2.9	1,040.2	12.9	5.9
2016	2,573,599	54,836	2.23	781.8	24,148	\$44.6	\$96.9	\$29,873	3.0	1,028.9	13.5	5.9
2017	2,662,940	60,453	2.31	802.2	25,927	\$48.1	\$103.1	\$29,833	3.1	1,022.4	14.2	5.8
2018	2,755,202	62,010	2.39	824.1	25,196	\$51.9	\$109.8	\$29,819	2.9	1,014.5	15.0	5.8
2019	2,848,263	62,215	2.46	845.4	24,090	\$56.0	\$116.6	\$29,774	2.9	1,006.2	15.8	5.7
2020	2,939,976	60,149	2.53	865.7	24,463	\$60.1	\$123.2	\$29,649	2.8	998.5	16.6	5.6
2021	3,029,492	57,813	2.59	886.4	22,756	\$64.4	\$130.2	\$29,575	2.8	994.8	17.3	5.6
2022	3,117,631	56,142	2.65	905.6	23,599	\$69.3	\$138.1	\$29,625	2.9	988.3	17.8	5.5
2023	3,204,940	55,276	2.71	925.6	24,182	\$74.5	\$146.3	\$29,683	2.8	985.6	18.4	5.5
2024	3,292,618	55,551	2.77	946.0	23,656	\$79.9	\$154.6	\$29,739	2.7	978.7	19.0	5.5
2025	3,380,934	56,186	2.83	966.0	23,151	\$85.7	\$163.3	\$29,772	2.7	972.1	19.5	5.5
2026	3,469,422	56,467	2.89	985.6	22,453	\$91.7	\$172.2	\$29,769	2.8	965.8	20.1	5.4
2027	3,555,215	54,056	2.96	1,004.6	20,697	\$98.0	\$181.2	\$29,725	2.8	959.6	20.8	5.4
2028	3,638,489	51,817	3.02	1,022.1	20,367	\$104.8	\$190.9	\$29,695	3.0	956.2	21.4	5.4
2029	3,719,358	49,678	3.08	1,039.3	20,160	\$112.1	\$201.0	\$29,685	3.0	949.8	22.1	5.4
2030	3,798,388	48,178	3.15	1,056.3	19,957	\$119.7	\$211.3	\$29,688	3.0	943.6	22.8	5.3



Riverside County Employment Forecast

1997-2007 History, 2008-2030 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	388.4	17.44	30.4	42.9	8.0	62.5	14.1	32.7	4.9	39.1	49.7	72.2
1998	412.2	17.49	36.4	46.5	8.9	65.4	14.8	35.9	5.4	41.6	50.4	73.9
1999	441.6	17.28	43.7	49.4	10.2	69.7	15.7	37.9	5.5	42.7	54.5	78.2
2000	466.5	17.57	48.4	51.8	10.2	73.5	16.0	42.2	5.8	44.0	55.4	84.1
2001	484.3	16.67	53.4	50.6	10.5	77.5	16.8	42.5	6.3	45.3	57.3	89.3
2002	508.9	16.18	55.0	49.8	10.8	82.5	17.6	46.5	6.6	49.6	59.2	96.6
2003	529.6	16.21	60.8	50.0	12.3	86.3	19.5	52.0	6.6	50.7	60.6	96.2
2004	557.4	15.13	70.4	50.9	13.6	93.1	20.8	54.0	7.0	51.9	64.5	97.7
2005	593.1	14.97	78.4	53.4	15.7	100.5	22.2	57.1	7.4	53.3	67.9	102.8
2006	624.5	14.20	83.0	56.1	17.9	105.9	23.7	63.2	7.7	54.8	72.1	105.1
2007	621.5	13.81	73.5	54.1	18.7	107.9	23.0	64.6	7.6	56.8	74.1	106.6
2008	615.1	13.76	65.3	51.4	18.8	109.4	21.9	64.8	7.3	57.0	75.4	108.6
2009	618.8	13.66	64.5	50.9	19.1	111.2	22.0	65.8	7.0	56.9	77.2	108.9
2010	628.4	13.70	66.0	51.4	19.7	113.7	22.2	67.4	7.0	57.3	79.4	108.7
2011	644.1	13.74	66.0	52.2	20.4	117.1	22.6	72.0	7.0	58.4	81.8	110.0
2012	661.9	13.69	66.2	52.8	21.3	120.8	23.1	76.8	7.1	59.7	84.6	112.2
2013	681.2	13.68	67.0	53.3	22.3	124.8	23.5	81.6	7.1	61.2	87.4	114.7
2014	702.4	13.72	68.2	53.8	23.6	129.2	24.0	86.3	7.2	63.2	90.6	117.3
2015	725.0	13.75	69.8	54.1	24.9	133.8	24.5	91.1	7.2	65.6	93.8	120.1
2016	747.4	13.79	70.9	54.7	26.0	138.8	25.0	95.3	7.3	68.3	97.2	123.1
2017	771.7	13.83	72.4	55.3	27.3	143.8	25.7	99.9	7.3	71.3	100.7	126.4
2018	796.7	13.87	73.5	55.8	28.5	149.1	26.2	104.6	7.4	74.8	104.3	130.0
2019	821.4	13.87	73.7	56.3	29.7	154.5	26.6	109.3	7.4	78.4	107.8	133.9
2020	845.1	13.91	74.0	56.6	30.8	159.7	27.0	113.8	7.5	81.9	111.1	137.7
2021	868.2	13.96	73.7	57.0	31.9	165.1	27.5	118.0	7.5	85.3	114.8	141.4
2022	892.6	13.97	73.9	57.4	33.0	170.8	27.9	122.3	7.6	88.9	118.5	145.0
2023	917.2	13.97	74.5	57.8	34.2	176.5	28.4	126.6	7.6	92.3	122.3	148.6
2024	941.8	13.98	75.6	58.3	35.3	182.4	28.9	130.7	7.6	95.3	126.3	152.0
2025	965.8	13.98	76.5	58.8	36.4	188.3	29.5	134.9	7.7	98.1	130.1	155.2
2026	989.7	13.98	77.4	59.3	37.5	194.3	30.0	139.3	7.7	100.8	134.1	158.2
2027	1,013.3	13.98	78.5	59.8	38.4	200.1	30.5	143.9	7.7	103.2	138.0	161.2
2028	1,036.9	13.99	79.7	60.3	39.3	206.1	31.0	148.4	7.7	105.5	141.7	164.0
2029	1,060.1	13.99	80.9	60.9	40.3	212.2	31.5	152.7	7.7	107.7	145.3	166.8
2030	1,083.1	13.99	81.9	61.4	41.2	218.4	32.1	157.0	7.8	109.7	149.0	169.6

